

**Before the State of South Carolina  
Department of Insurance**

In the Matter of:

Farmers Mutual Insurance Association  
of Cherokee County

849 Old Post Road  
Gaffney, South Carolina 29340.

SCDI File Number 2002-113003

**Consent Order  
Imposing Administrative Penalty**

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance and Farmers Mutual Insurance Association of Cherokee County (Farmers Mutual), a South Carolina mutual property insurance association.

Farmers Mutual hereby admits, and I find as fact, that it failed to timely file its 2001 Annual Statement with the Department as required by § 38-13-80 of the South Carolina Code. Farmers Mutual also hereby admits, and I find as fact, that it failed to timely file its Annual Adjusted Tax Return. This situation exactly repeats one for which the insurer received disciplinary sanctions the last two years.

Prior to the initiation of any administrative proceedings by the Department against Farmers Mutual, the parties agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision, rather than to proceed toward a formal public hearing. The consensual recommendation was that, in lieu of the Department seeking to revoke Farmers Mutual's certificate of authority, it would waive its right to a public hearing and immediately pay an administrative fine in the total amount of \$20,000.

Section 38-5-120 of the South Carolina Code states, in pertinent part, that the Director of Insurance "shall revoke or suspend certificates of authority granted to an insurer...if he is of the opinion upon examination or other evidence that...(t)he insurer has not complied with the law or with the provisions of its charter." Alternatively, § 38-5-130 provides that in lieu of license revocation or suspension, the Director may impose a monetary penalty as provided in § 38-2-10.

After a thorough review of the record, carefully considering the recommendation of the parties, and pursuant to my findings of fact, I hereby conclude as a matter of law, that Farmers Mutual has not complied with §§ 38-13-60(3) and 38-13-80 of the South Carolina Code. Accordingly, I may take disciplinary action against the insurer, and I hereby invoke the discretionary authority given to me and impose against Farmers Mutual an administrative fine in the total amount of \$20,000. That fine must be paid within ten days of the date of my signature

**RECEIVED**  
GENERAL COUNSEL

JUL 3 2002

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STATE OF SOUTH CAROLINA  
DEPARTMENT OF INSURANCE

\_\_\_\_\_  
Farmers Mutual Ins.  
Assn. of Cherokee Co.

upon this consent order. If that total fine amount is not timely paid, the insurer's certificate of authority will be revoked without any further disciplinary proceedings.

The parties have reached this resolution in consideration of Farmers Mutual's assurance that it immediately will file its 2001 Annual Statement Annual Adjusted Tax Return and that it will timely file required documentation with the Department in the future. The parties expressly agree and understand payment of the agreed-upon penalty constitutes full accord and satisfaction of this matter.

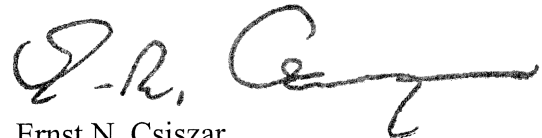
By the signature of one of its officers or authorized representative upon this consent order, Farmers Mutual acknowledges this administrative order as a public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act*, S.C. Code Ann. §§ 30-4-10, *et seq.* (1991 and Supp. 2001).

Nothing contained within this administrative order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this administrative order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement officer or judicial officer. Nothing contained within this administrative order should be construed to limit the statutory duty, of the Director of Insurance, exercised either directly or through the Department of Insurance, to "report to the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report." S.C. Code Ann. § 38-3-110 (2002).

It is, therefore, ordered that Farmers Mutual Insurance Association of Cherokee County Insurance Company shall, within ten days of the date of my signature on this consent order, pay through the South Carolina Department of Insurance an administrative fine in the total amount of \$20,000.

It is further ordered that a copy of this consent order be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states.

This consent order becomes effective as of the date of my signature below.



Ernst N. Csiszar  
Director

July 3, 2002  
Columbia, South Carolina

\_\_\_\_\_  
Farmers Mutual Ins.  
Assn. of Cherokee Co.

I CONSENT:

Charles Copeland  
Signature

Charles Copeland  
Printed Name

President  
Title

Farmers Mutual Insurance Association of Cherokee County  
849 Old Post Road  
Gaffney, South Carolina 29340.

Dated this 28 day of June 2002.

\_\_\_\_ Farmers Mutual Ins.  
Assn. of Cherokee Co.